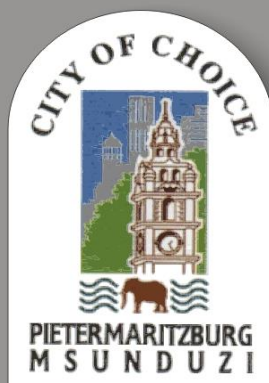


MSUNDUZI MUNICIPALITY



Policy Name:	Credit Control and Debt Collection Policy 2019 - 2020
Policy Number:	02
Status:	Approved
Date:	15 March 2019
Approved By:	Full Council
Date Approved:	31 May 2019
Date Last Amended:	2019 Budget Review
Date for Next Review:	March 2020



The Msunduzi Municipality

BUDGET & TREASURY BUSINESS UNIT

DRAFT CREDIT CONTROL AND DEBT COLLECTION POLICY 2019/2020

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1 DEFINITIONS

In this policy, unless the context indicates otherwise, the word or expression has the following meaning:

- 1.1 **“Account”** Any invoice rendered by the Municipality;
- 1.2 **“Accounting Fee”** means a fee for the setting up of new account as determined by The Municipality from time to time;

- 1.3 “Accounting Officer”** The Municipal Manager appointed in terms of Section 82(1)(a) or (b) of the Municipal Structures Act, 1998 (Act No. 117 of 1998);
- 1.4 “Account Holder”** includes a customer/consumer and refers to any occupier of any premises to which the Municipality has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality;
- 1.5 “Acknowledgement of Debt”** commonly referred to as an “AOD”, is a document which contains an unequivocal admission of liability by the debtor.
- 1.6 “Actual consumption”** means the measured consumption of a consumer of a municipal service during a specified period;
- 1.7 “Administration Fee”** means a fee for any additional administration on Municipal billing accounts as determined by the Municipality from time to time;
- 1.8 “Arrangements for payments”** means a formal agreement entered into between the Municipality and a debtor where specific repayment parameters are agreed to.
- 1.9 “Arrears”** means any amount due, owing and payable by a customer in respect of a municipal account not paid on the due date;
- 1.10 “Average consumption”** means the deemed consumption of a customer of a municipal service during a specific period, which consumption is calculated by adding the recorded monthly average consumption and the current actual consumption and , dividing the total by the applicable number of months
- 1.11 “Bank guarantee”** refers to an undertaking by a registered financial institution whereby it guarantees a specified maximum amount to be paid if the principal debtor (“the consumer”) fails to pay;
- 1.12 “Billing cycle”** means the start of the cycle in which the account is billed to the date on which it becomes due and payable.
- 1.13 “Calculated amounts”** refers to the amounts calculated by the Chief Financial Officer, in consultation with the relevant technical departments, to be due to the Council by a consumer in respect of the supply of the applicable municipal services for any period

during which the exact quantity of the supply cannot be determined accurately for reasons beyond the control of the Chief Financial Officer. This shall normally be based on the average consumption figures, if available, for the service rendered to the customer **or**, failing the availability of such data, on the average consumption figures applicable to one or more properties of similar size and nature in the area in which the customer resides or carries on business;

- 1.14 “Chief Financial Officer”** refers to the person so designated in terms of Section 80 (2)(a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) or any person duly authorized to act on behalf of such person;
- 1.15 “Consolidated account”** refers to one combined account for all municipal services, housing rents and instalments, rates, basic charges, sundry charges and miscellaneous charges , and “consolidated bill” has a corresponding meaning;
- 1.16 “Collection Charges”** means a penalty raised as provided for in Section 75 A 1(b) of the Local Government; Municipal Systems Act 2000 (Act No 6 of 2000)
- 1.17 “C D U”** shall mean the central distribution unit that distributes electricity from a central point to households;
- 1.18 “Consumption”** means the ordinary use of municipal services, including water, sanitation, refuse removal, and electricity services for all categories of consumers;
- 1.19 “Electricity and Water meters”** means electricity and/or water meters,(including prepaid meters) , which are used to determine the supply of electricity and water and which are normally read on a monthly or other fixed interval basis;
- 1.20 “Councillor”** refers to a member of a Municipal Council
- 1.21 “Deposit”** refers to a minimum sum of money specified by the Chief Financial Officer and payable by the consumer to the Municipality prior to occupation of the property or prior to the date on which services to the property are required; and also refers to a minimum sum of money specified by the relevant business unit and payable by the customer to the municipality prior to concluding a housing rental and/or a business rental/lease agreement.
- 1.22 “Estimated consumption”** arises when no actual reading can be taken and is equivalent to the existing average consumption providing that this is done in

accordance with the relevant provisions of the water and electricity bylaws.

- 1.23** “**Final payment date**” in the absence of any express agreement in relation thereto between the Municipality and the customer, refers to the date stipulated on the account and determined from time to time as the last date on which the account must be paid;
- 1.24** “**Final Demand**” means a notice sent to an account holder calling for settlement of any municipal debt that has not been paid by due date and where legal action may be taken after giving due consideration to the notice period specified in the notice.
- 1.25** “**Financial year**” refers to the period starting from 1 July in a year to 30 June the next year;
- 1.26** “**Interest**” is a charge levied on overdue accounts.
- 1.27** “**Miniature Circuit Breaker**” (MCB) refers to the size of the amperage demand per supply.
- 1.28** “**Meter audits**” refers to a verification by the municipality of the correctness of the consumption and supply of electricity and water;
- 1.29** “**Municipality**” Means: An organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the local government: Municipal Demarcation Act, 1998.
- 1.30** “**Municipal Manager**” is the accounting officer of the Municipality appointed in terms of Section 82 of the Municipal Structures Act , 1998 (Act No 117 of 1998)
- 1.31** “**Municipal services**” means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether:
- (a) Such a service is provided, or to be provided, by the municipality through an internal mechanism contemplated in section 76 of the **Municipal Systems Act, 2000 (Act No 32 of 2000)** or by engaging an external mechanism contemplated in section 76 of the Municipal Systems Act.
- 1.32** “**Official**”, in relation to the Municipality or Municipal entity, means,

- (a) An employee of the Municipality or Municipal entity
- (b) A person seconded to the Municipality or Municipal entity to work as a member of the staff of the Municipality or Municipal entity; or
- (c) A person contracted by the Municipality or Municipal entity to work as a member of the staff of the Municipality or Municipal entity otherwise than as an employee.

1.33 “**Occupier**” in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property,

1.34 “**Owner**” means

- (a) In relation to property referred to in paragraph (a) of the definition of “**property**”, means a person in whose name ownership of the property is registered;
- (b) In relation to a right referred to in paragraph (b) of the definition of “**property**”, means a person in whose name the right is registered;
- (c) In relation to a land tenure right referred to in paragraph (c) of the definition of “**property**”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) In relation to public service infrastructure referred to in paragraph (d) of the definition of “**property**”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “**publicly controlled**”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
 - i. A trustee in the case of a property in a trust excluding state trust land;
 - ii. An executor or administrator, in the case of a property in a deceased estate;
 - iii. A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
 - iv. A judicial manager, in the case of a property in the estate of a person under judicial management;
 - v. A curator, in the case of a property in the estate of a person under curatorship;
 - vi. A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
 - vii. A lessee, in the case of a property that is registered in the name of a municipality and

- is leased by it; or
- viii. A buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
- ix. Member in the case of a property registered as a close corporation

1.35 “Property” means-

- (a) Immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) A right registered against immovable property in the name of a person, excluding a mortgage bond registered against a property;
- (c) A land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) Public service infrastructure;

1.36 “Rate” means a municipal rate on property envisaged in section 229 (1)(a) of the Constitution;

1.37 “Service agreement” refers to a written agreement for the consumption of electricity and/or water and other services.

1.38 “The Municipality” refers to The Msunduzi Municipality and its successors in law and includes the Council of that municipality or any other body acting by virtue of any power delegated to it in terms of legislation, as well as any official to whom the Executive Committee who has delegated any powers and duties with regard to this policy;

1.39 “Sundry charge” means any charge other than rates, housing rental, housing loans, business rental, encroachments, informal traders, metered services, sewerage and regular refuse removal.

1.40 “Variable flow-restricting device” refers to a device that is coupled to the water connection that allows the water supply to be restricted or closed;

1.41 “Visitation fee” refers to the fee charged for attendance and/or

disconnection/reconnection of an electricity/water supply when the supply is been disconnected/reconnected due to non-payment and/or tampering, or where access to disconnect/restrict has not been gained, which fee shall be determined from time to time by the Municipality;

- 1.42** “**Garnishee order/Emoluments order**” refers to a court order for the deduction of an amount of money from the salary or other income of a customer.
- 1.43** “**Municipal Pay-Point**” shall mean all Municipal Cash Offices and third party vendors who are authorized to collect monies on behalf of the Municipality”.
- 1.44** “**Notice**” means any notice or other document that is served on any person in terms of the Municipality’s Electricity and Water Supply Bylaws

2. INTRODUCTION

- 2.1** The Municipality must develop, maintain and implement a credit control and debt collection policy that is consistent and complies with the relevant legislation.
- 2.2** This policy is to be read in conjunction with or other relevant legislation, policies and bylaws, (including the Register of Tariffs and Charges).

3 OBJECTIVES

The objectives of the Credit Control and Debt Collection Policy are:

- 3.1 To define a framework which enables the municipality to bill for and collect its revenues;
- 3.2 To ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interests of the community, residents and ratepayers and in a financially sustainable manner as prescribed by the Municipal Systems Act, 2000 (Act No. 32 of 2000), and other applicable legislation;
- 3.3 To maintain and implement a credit control and debt collection policy, which complies with Section 97 of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

4 APPLICATION FOR SERVICES AND SERVICE AGREEMENTS

- 4.1 Only the owner or pending rate payer shall enter into a service agreement for the provision of municipal services. However, in the event that the owner is not resident within the municipal area, an agent may with a proxy enter into a service agreement in the name of the owner or the tenant may sign surety for the debt pending the finalisation of the winding up of the Estate.
- 4.2 The only exception to (4.1) above will be for the following:
 - 4.2.1 Individuals and businesses with lease agreements who lease properties from the Municipality will be allowed to open an account in the name of the lessee of the property.
 - 4.2.2 Debtors who due their history, their accounts or services accounts have fallen into the cracks and could not have opened the accounts but utilised services and have become legitimate debtors to the Municipality.
- 4.3 Directors of companies, members of Close Corporation and Trustees of Trust shall sign personal surety ships with the Municipality when opening services accounts.
- 4.4 A new Service Agreement will only be entered into in respect of a property, once all amounts due, which include the current account due in respect of that property and all other properties owned by the respective owner, are settled in full or a suitable payment arrangement has been made by the owner of the property. The Chief

- Financial Officer at his/her discretion may engage the customer and agree, due to the merits of the case at hand, to a different arrangement, at which the Chief Financial Officer shall report on her decisions and motivations for such matters to the relevant portfolio committees within three months of the decision being taken.
- 4.5 Failure by the owner or occupier of the property to enter into an agreement for the provision of services does not absolve the property owner from the responsibility for the payment of rates and services on the property, The Municipality will bill for all applicable rates and the associated charges including services consumed at the property. The property owner shall be responsible for the payment of such services and charges regardless of the person occupying the property.
- 4.6 An occupier who illegally consumes services without a valid service agreement will be subject to disconnection and/or removal of the service and may be prosecuted. However, the property owner shall be responsible for the payment of such services and charges regardless whether the person occupying the property has an agreement with the landlord or not.
- 4.7 Application forms are available at the municipal offices and the application process should occur in advance (depending on the nature of the services required and the timeframes applicable to those services required) prior to taking occupation of the premises. This will ensure that services are available when occupation is taken. Failure to adhere to **this** may result in customers not having the services available when occupation is taken. Once the application has been approved, a service agreement will be entered into and services provision will commence.
- 4.8 The service agreement shall set out the conditions under which the services are provided and shall require the signatories thereto to agree to abide by the provisions of the Municipalities Credit Control and Debt Collection Policy and Bylaws.
- 4.9 The Municipality will render the first account after the first billing cycle following the date of signing the service agreement or as soon as is administratively possible. However, the account holder is also obliged to make enquiries regarding the account, with the Municipality within the first two months of receiving the services. If the customer does not engage the Municipality, he/she will accept the liability of an account, when provided at a later stage and such bill such be payable within 30 days of issuing.
- 4.10 The owner of the property shall be jointly and severally liable with the consumer in respect of all amounts due for the municipal services provided to the property.

However the property owner is a default responsible person for all Municipal Services provided to the property.

- 4.11 Where the purpose for or extent to which any municipal service used is changed, the onus and obligation is on the owner to advise the Municipality of such a change by filling and submission of an appropriate form. Such change shall not be effective until such time that the municipality indicates its acceptance and communicates such, to the property owner or occupier in writing.
- 4.12 The Municipality will allow one free MCB change per any 12 months period upon receipt of the application in an appropriate form from the property owner. Any MCB down grade, shall be effected immediately upon approval by the Municipality however the electricity supply upgrade will be investigated and responded to in writing. The Municipality reserves the right to approve or disapprove based on availability of capacity available at that network. The MCB upgrade and or Supply upgrade may attract cost to the customer and may also be delivered based on the applicable timeframes to be determined on the time of application.
- 4.13 The Municipality may consolidate any separate accounts of persons liable for payments to the Municipality in terms of Chapter 9 of the Municipal Systems Act.

5 DEPOSITS AND GUARANTEES

- 5.1 Deposit are payable on application for the provision of municipal services or on request after the risk assessment, Business Rentals /Leases before the Municipality renders any service to the property.
- 5.2 Deposits are payable on all housing rental accounts and business rental/lease accounts prior to conclusion of the agreement.
- 5.3 The minimum deposit payable is determined by the Municipality.
- 5.4 No interest will accrue on the deposit payable to any debtor.
- 5.5 The Municipality reserves the right to review deposits as and when required, the review can be done as follows:
- 5.5.1 The Municipality has a prerogative to periodically conduct risk assessment to each and every customer account. The outcome of this risk assessment will determine the

- deposits that the Municipality should hold for each individual customer and each individual account.
- 5.5.2 Upon establishment that the deposits held by the municipality on an account is below the financial risk the customer or the account holder exposes the Municipality to, the Municipality will in writing, inform the customer of this finding.
- 5.5.3 The customer will be given 14 calendar days from the date of the communication, to provide his/her input, prior to the finalisation of this decision,
- 5.5.4 The Municipality after considering the customer input, will then make the final decision which shall be communicated in writing to the customer,
- 5.5.5 The increased deposit shall be payable in full within three calendar months after the decision has been communicated.
- 5.5.6 The full amount shall be included in the Municipal Bill and where it is not paid, the services of the customers shall be summarily discontinued in terms of this policy until the amount is paid in full.
- 5.5.7 The following are the reason which will increase the risk of each customer/account:
- 5.5.7.1 Irregular payment of the Municipal Account
- 5.5.7.2 Allowing the account to sit in more than 30 days for more than two month in succession
- 5.5.7.3 If there was tampering found on the concerned property
- 5.5.7.4 If the average monthly account has been more than the deposits held for more than three months
- 5.5.8 If the Municipality does not hold any deposit from the account holder and the outcome of the risk assessment suggests that the Municipality should hold the deposits due to the increased risk, the Municipality shall issue a written request of such deposits/sureties as detailed above.
- 5.5.9 The risk assessment shall be conducted to both credit and prepaid customers and the process shall also be the same.
- 5.6 The Municipality reserves the right to raise deposits on Sundry debtor accounts.

- 5.7 On termination of the supply of services and after the finalization of the account, the amount of the deposit less any payment due to the Municipality will be refunded to the account holder. The account holder will apply for the refund and submit all required documents.

6 METERING OF MUNICIPAL SERVICES

- 6.1 The Meters [water and electricity] together with their associated accessories such as Miniature Circuit Breakers [MCB], cable jumpers, seals and incoming mains cables are the property of the Municipality but the property owner/occupier is responsible for their safekeeping and security whilst used for metering consumer supplies. Therefore, the property owner shall be responsible for the cost of replacement of meter(s) and accessories installed within the property should they be stolen, vandalised, or damaged. The replacement shall be made after the property owner have reported the matter to the South African Police Services and provided the Municipality with the case number and paid the replacement cost of the meter(s) and accessories.
- 6.2 The Municipality reserves the right to remove or replace the existing meter(s) and accessories from time to time, as deemed necessary for the following reasons:
- 6.2.1 Metering and accessory upgrade
 - 6.2.2 Meter and accessory found to be dysfunctional
 - 6.2.3 Meter and accessory found to be inaccurate
 - 6.2.4 Meter and accessory has reached the end of its useful life
 - 6.2.5 Contravention of the electricity bylaws and or this policy
 - 6.2.6 When the Municipality has introduced a new metering scheme that renders that meter and its accessories redundant/obsolete.
 - 6.2.7 As referred to in item 6.3 below.
- 6.3 The Municipality, at their own cost reserves the right to remove part of or the whole electricity service or only the metering installation where:
- 6.3.1 The supply has been disconnected for non-payment and remain not in use for more than twelve [12] months.
 - 6.3.2 The supply has been disconnected at the request of the customer and remain not in use for more than twelve [12] months.
 - 6.3.3 Where the customer in all the above instances opted not to pay the monthly service availability charge and such disconnection has lasted for longer than 12 Months

- 6.3.4 Should the customer require the services in the future after it has been removed as detailed, such service request shall be treated as a new or additional installation.
- 6.4 The Municipality shall endeavour to read all credit electricity and waters meters in cycles of approximately 30 days, however the Municipality reserves the right to read the meters once in 3 months and estimate the consumption for two months. The Municipality furthermore reserves the right to read the electricity & waters meters anytime during the month and project such reading to the end of the month and charge the customer according to projected readings monthly.
- 6.5 If for any reason the municipality is unable to read any credit electricity or water meters on any property, the Municipality shall estimate the consumption of the service concerned and thereafter bill the consumer for the monetary value of such estimated consumption.
- 6.6 In the event that the Municipal official fails to gain access to the property to read the meter(s) and or perform installation audit functions, the following procedure shall be followed:
- 6.6.1 1st time attempt - the Municipal official shall leave a letter notifying the customer of the failed attempt to gain access, the customer shall be requested to provide access to the municipality within 14 days from the date of the notice. In this stage the customer must call the Municipality and make the appointment that will suit both parties.
- 6.6.2 2nd attempt - the Municipal official shall leave a letter notifying the customer of the failed second attempt to gain access, this letter shall request that the customer arranges with the Municipality, at a mutually agreed time within working hours that the customer can provide access to the municipality to read the meter(s) and or perform installation audit functions. The customer will be given within 14 days from the date of the notice to provide access. The letter will serve as a notice that if the customer fails to provide access to the Municipality to read the meter, the Municipality shall terminate the services without any further notice.

- 6.6.3 3rd – If the Municipality continues to be unsuccessful in obtaining access to the property or meter and the 14 days has lapsed after the second attempt to read the meter(s) and or perform installation audit functions, and the customer has made no arrangement, therefore, the Municipality is unable to obtain an accurate meter reading and or perform installation audit functions, the Chief Financial Officer or their authorised representative shall disconnect the relevant metered supply. The metered supply shall remain disconnected until such time that the consumer provides access to the meter(s) to read and conduct a complete installation audit. The Municipality may after conducting the installation audit demand within reasonable time [21 days] that the consumer relocates the meter box to the boundary of their property at their own cost. Should the consumer fail to adhere to this, the Municipality may disconnect supply until such time that the customer complies with this requirement. The cost of disconnection and reconnection shall be charged to the customer and such fee shall be in accordance with the rates of such activity as found on the approved tariff register.
- 6.7 Readings provided by consumers shall be accepted subject to the following:
- 6.7.1 Monthly readings must be taken and submitted in an appropriate manner to the Municipality clearly indicating the reading and the date at which the reading was taken.
- 6.7.2 The 3rd month reading must be accompanied by a photo showing the following:
- 6.7.2.1 For electricity, it must show in one photo, the meter, meter number, meter reading, meter seals, MCB and its size
- 6.7.2.2 For water, it must show in one photo, the meter, meter number & meter reading
- 6.7.3 The customer must at least bi-annually allow for an installation audit to be conducted to its water and electricity installations. These shall be done on mutual arrangements during business hours between the customer and the Municipality.
- 6.7.4 The consumer may because of reasons of non-accessibility to their properties by meter readers, voluntarily provide monthly meter readings for billing purposes, subject to compliance with this policy and By-laws. The Chief Financial Officer may, however, cancel this option if the consumer fails to render readings on two or more consecutive occasions.

6.8 If any calculation, reading or metering error is discovered in respect of any account rendered to a Customer:

6.8.1 The error shall be corrected in the subsequent account.

6.8.2 Any such correction shall only apply in respect of account for a period of (3) three years preceding the date on which the error in the account was discovered.

6.8.3 The correction shall be based on the tariffs applicable during the period.

6.8.4 The Customer may settle the back charge in equal instalments over the same period in relation to the period of the back charge.

6.8.5 If it is deemed that the meter reading error/calculation lies as the fault of the Municipality, this payment period in (6.7.4) may be interest free.

6.9 The owner or occupier of premises in this municipality must give an official of the municipality, **[who must clearly identify him/herself by either a letter of appointment signed by authorised person of the Municipality or a Municipal Identification card or a clearly marked vehicle confirming the relationship with the Municipality]** or any representative of a service provider authorised by the Municipality, access to the premises at all times in order to:

- a) Change the metering installation and or accessories.
- b) Conduct repairs to metering installation/customer service cable to the meter,
- c) Conduct installation audit, Meter reading, installation inspections
- d) Disconnection of supply for fault finding purposes and for operational reasons
- e) Upgrade the metering technology together with associated accessories,
- f) Reconfigure the metering system and or connection setup as and when necessary or where Municipality deems fit.
- g) Inspect the premises
- h) Disconnect supply (ices),
- l) Stop or restrict the provision of any service.

7 ACCOUNTS, BILLING AND PAYMENT

7.1 The Municipality may endeavour to update the customer information annually on their

- data base system. The onus to ensure that the records kept by the Municipality are all updated rests with the customer.
- 7.2 The Municipality shall provide the account holder with a monthly consolidated bill for rates, services and/or any other municipal charges. The Municipality may establish a technological system (App and or Web based) that will facilitate the distribution of Municipal Monthly accounts/statement for ease of access. On registration of such technological system, the customer shall be deemed to have received their statements once delivered to the technological system.
- 7.3 The Municipality shall furnish the account to the account holder's address, in South Africa, as supplied by each account holder. However, non-receipt of an account does not negate the responsibility of the account holder to pay the amount owing by final date nor prevent interest charges and debt collection procedures. In the event of non-receipt of an account, the onus rests on the account holder to obtain a free copy of the most recent account, before the final payment date.
- 7.4 The account holder shall notify the Municipality in writing of any change of address, including an e-mail address, and contact details, on an appropriate form as soon as possible. The account holder of a lease must notify in writing the vacation of the dwelling. This will ensure that the Municipality uses the current information to send statement and communicate with the customer, however in the absence of the updated information the Municipality shall use the property address where the services are consumed as the default correspondence address.
- 7.5 Accounts must be paid in full on or before the final payment date as indicated on the account. Failure to comply with this section shall result in credit control measures being instituted against the consumer. Interest on the capital arrears will accrue after the final payment date if the account remains unpaid.
- 7.6 Only Bank guaranteed and attorney trust cheques will be accepted at the Municipal Offices and no 3rd party agencies can accept cheques.
- 7.7 The Municipality will only accept payment by Credit card and Debit card if it is presented by the card holder together with proof of Identity Document/Card. Council will only accept card payments for any municipal service/s and will not allow any withdrawal of money
- 7.8 In the event that the consumer is not the card holder making payment via a

Credit/Debit Card, Council reverses the right to request proof of identification together with the required bank authorization when making payment/s.

- 7.9 An official receipt issued by the Municipality or its authorized agents will be the only proof of payments made.
- 7.10 No interest will accrue on amounts paid in excess of the existing debt on an account. Such credit balance/s will be held in anticipation of future rates and fees for municipal services.

8 INTEREST ON ARREARS AND OTHER PENALTY CHARGES

- 8.1 Amounts on accounts, which remain unpaid after the due date shall attract interest irrespective of the reasons for non-payment.
- 8.2 Interest shall be charged on all arrear capital amounts for a full month, irrespective of when payment is made.
- 8.3 Applied Indigent debtors shall not be billed interest, provided they have entered into a payment arrangement to settle arrear debt and such a payment arrangement instalment together with the monthly current account due, is paid in full by the due date.
- 8.4 Only (50%) fifty per cent of the approved interest tariff will be billed on outstanding amounts in respect of which an agreement had been concluded for payment by way of instalment thereof, provided the instalment together with the monthly current account due, is paid in full by the due date.
- 8.5 Where interest has been charged and billed on account and later found that there was a billing error and is deemed to be the fault of the Municipality, the interest charges that that erroneous amount (only) shall be reversed. Such interest reversal may only be permitted after obtaining approval of the Senior Manager: Revenue or his authorised representative.
- 8.6 The Municipality will be entitled to raise the following charges in addition to the interest charge contemplated in clause 8.1

- 8.6.1 In the case of arrear rates, a collection charge equal to 10% will be raised sixty (60) days after the date of final instalment on the capital amount in arrears.
- 8.6.2 Charges for disconnection or reconnection of electrical services
- 8.6.3 Charges for restriction or removal of water services
- 8.6.4 Charges for reconnection or reinstatement of water services
- 8.6.5 Charges for notices of default and other correspondence
- 8.6.6 Surcharge penalty charges for illegal reconnections and/or tampering of any nature
- 8.6.7 Penalty charges for dishonoured cheques or dishonoured direct debits and electronic funds transfers (EFT) payments
- 8.6.8 Legal and administration costs, including attorney, client, disbursements, tracing fees and collection costs incurred in the recovery of debts

9 PAYMENT ARRANGEMENTS FOR ARREAR DEBTS

- 9.1 The Municipality or its authorized agents may enter into payment arrangements with account holders in arrears with their accounts and to grant account holders extensions of time for settlement of the amounts due to the Municipality.

9.2. BUSINESS/COMMERCIAL CATEGORY

Where an account holder in arrears, is a business or commercial concern, a minimum of 50% of the total overdue amount and the current amount due, as an initial payment, shall be paid, and the balance of the account shall be paid in equal instalments over a maximum period of twelve (12) months.

Upon written application by an account holder, the maximum repayment period may be extended and the minimum amount due reviewed by the Senior

Manager Revenue based on the merits of the motivation given by the customer

- 9.2.1 In the event that the customer cannot pay the 50% upfront payment and provided that they still honour the twelve (12) month maximum period, the Manager :Debtors Management is authorised to approve the payment arrangement.
- 9.2.2 In the event that the customer cannot pay the 50% upfront payment and requires a payment arrangement up to twenty (24) months, the Senior Manager: Revenue is authorised to approve the payment arrangement **based on the merits of the motivation given by the customer.**
- 9.2.3 In the event that the customer cannot pay the 50% upfront payment and requires a payment arrangement up to sixty (60) months, the Chief Financial Officer is authorised to approve the payment arrangement **based on the merits of the motivation given by the customer.**
- 9.2.4 The payment arrangement may be subject to the supply of a six months' bank statements, and/or any other documentation deemed relevant. Any future monthly current accounts shall be paid on or before the final dates for the month in question.
- 9.2.5 All deviations as contemplated above must be reported monthly to the relevant portfolio committee for control purposes.

Any application with a repayment period greater than sixty (60) months will be referred to the Municipal Council for consideration.

9.3. DOMESTIC/OTHER CATEGORY

Where a customer in arrears is a domestic consumer, a minimum of 10% of the total overdue balance and the current amount due, as an initial payment, and the balance of the account shall be paid in equal instalments over a maximum period of twelve months.

Upon written application by an account holder the maximum repayment period may be extended and the minimum amount due reviewed by the Senior

Manager Revenue

- 9.3.1 In the event that the customer cannot pay the 10% upfront payment and provided that they still honour the twelve (36) month maximum period the Manager: Debtors Management is authorised to approve the payment arrangement.
- 9.3.2 In the event that the customer cannot pay the 10% upfront payment and requires a payment arrangement up to sixty (60) months, the Senior Manager: Revenue is authorised to approve the payment arrangement **based on the merits of the motivation given by the customer.**
- 9.3.3 In the event that the customer cannot pay the 10% upfront payment and requires a payment arrangement up to seventy-two (72) months, the Chief Financial Officer is authorised to approve the payment arrangement **based on the merits of the motivation given by the customer.**
- Any application with a repayment period greater than seventy-two (72) months will be referred to the Municipal Council for consideration.**
- 9.3.4 The payment arrangement may be subject to the supply of three months bank statements and any other documentation deemed relevant.
- 9.4 Should an account holder breach the payment arrangement in any way, the balance of the arrear account, together with the balance of interest outstanding on the account, may immediately become due and payable to the municipality.
- 9.5 A customer who fails to comply with any payment arrangement **may not be permitted to enter into any further arrangement or extension of time** for payment and may have their services terminated. However a customer who brings their payment arrangement up to date by an immediate payment shall have their services reconnected as soon as is practically possible.
- 9.6 An account holder who fails to comply with any payment arrangement of debt may have the electricity credit meter or prepaid meter disconnected/removed, and/or the water service restricted.

- 9.7 Only debtors with positive proof of identity or an authorized agent with a proxy shall be permitted to enter into an Acknowledgment of Debt agreement with the Municipality.
- 9.8 Where a debtor is a close corporation, trust, or a company, the person who signs an acknowledgment of debt on behalf of such close corporation, trust or company, shall produce written proof that they are authorized to sign such acknowledgment on behalf of all members and/or directors of the close corporation, trust, or the company.
- 9.9 Any account holder who makes a payment arrangement in terms of 9.2 or 9.3 shall ensure that the owner completes a waiver in terms of section 118 (i) of the Local Government Municipal Systems Act (Act 32 of 2000).
- 9.10 Where consumers using prepaid meters have arrear amounts in respect of any Municipal Debt rendered by the Municipality, the Municipality shall allocate a proportionate amount as determined by the Municipal Council, of any future prepaid purchases to arrear amounts until such time as the arrears have been brought up to date or a payment arrangement is entered into and being maintained.
- 9.11 All payment arrangements shall be subject to review as and when the Municipality deems necessary

10 SPECIAL CONDITIONS REGARDING PAYMENT ARRANGEMENTS

- 10.1 An existing payment arrangement may be reviewed where circumstances exist that are beyond the control of the debtor and they cannot meet their current arrangement. The review must be authorised by the Senior Manager: Revenue.
- 10.2 Should the current account be higher than normal, due to, but not limited to: Under-estimations and faulty meters, metering calculations or metering errors, unbilled rates or Municipal services, previous accounts rendered may be taken into consideration, when determining an amount to pay in order to enter into a payment arrangement or an existing arrangement is reviewed.
- 10.3 The Municipality would normally only enter into payment arrangements with property owners and account holders, and may, on receipt of an affidavit by the occupier or tenant of a residential property, which certifies that the owner of the property which

such tenant or occupier so resides in, is untraceable or not contactable, or such owners whereabouts are unknown and –

- a) That they have a right to occupy such property and stating the time period that they have so occupied the property;
- b) The last known address of the owner;
- c) The rental due for such right to so occupy;
- d) That such occupier or tenant undertakes to advise the owner at the first reasonable opportunity of the current situation and that the tenant or occupier further agrees to obtain the consent of the owner to condone the process as set out in this sub item-

Enter into a payment arrangement with such a tenant or occupier in terms of this policy, to pay off arrears on an account which is a charge against the property.

- 10.4.1 The Municipality may disconnect or restrict any service to a property, if the owner of the property or account holder withdraws, in writing, any permission granted to an agent or tenant where the tenant has defaulted on the payment arrangement made.

12. ALLOCATION OF PAYMENTS

- 11.1 Any payment made shall be allocated in the following order:

11.1.1 To any outstanding security deposit

11.1.2 To any unpaid property rates;

11.1.3 To any unpaid interest raised on the account;

11.1.4 To any other sundry debtors (miscellaneous);

11.1.5 To housing rents and instalments;

11.1.6 To any unpaid refuse collection charges;

11.1.7 To any unpaid sewerage charges;

11.1.8 To any unpaid water charges;

11.1.9 To any other unpaid charges and

11.1.10 To any other unpaid electricity charges

12. DISPUTES IN RESPECT OF ACCOUNTS

12.1 A customer who has lodged a dispute in terms of 102 (2) of the Municipal Systems Act No 32 of 2000 is not relieved of the responsibility to maintain regular payment on his account. Such dispute should be lodged in terms of the Municipality's approved ACCOUNTS DISPUTE RESOLUTION MECHANISM/POLICY as amended from time to time.

12.2 In the event of an account holder providing reasonable grounds as a basis (in compliance with accounts dispute resolution mechanism/policy process) for a dispute on any item or items on the monthly municipal account, no action shall be taken against the account holder provided the account holder has followed the process as detailed accounts dispute resolution mechanism/policy

12.3 When an enquiry has been investigated and responded to, the entire amount becomes payable.

12.4 Internal or Suspected internal water leak queries are not regarded as a dispute.

13. DISCONNECTIONS/RESTRICTIONS OF SERVICES

13.1 PREAMBLE

- 13.1.1 The Municipality is obliged to issue any final request notices or other reminders to customers whose accounts are in arrears, prior to disconnection in terms of the Promotion of Administrative Justice Act, 2000 (Act No.3 of 2000) in so far as possible.
- 13.1.2 The account, if in arrears for 30 days or more, a notice of the Municipality's intention to disconnect/restrict services will be issued. This notice is intended to comply with the legislative requirements to notify the customer about the intention to disconnect or restrict services due to non-payment.
- 13.1.3 In the event that full payment of the account, including any accumulated arrears and interest, is not received on or before the due date, the electricity supply and the water supply may be disconnected /restricted, unless a formal acknowledgement of debt has been signed by the customer and the necessary payment arrangement for an extension of time has been approved.
- 13.1.4 Even though a customer may have concluded a satisfactory payment arrangement, the Municipality is not obliged to effect a reconnection of services on the day that payment is received or the agreement has been signed but shall do so as soon as possible after such payment arrangement have been approved.
- 13.1.5 Where a customer's services are disconnected/ restricted, the customer shall be charged a visitation fee, as determined by the Municipality from time to time. In the event that the premises were visited but no access was gained to effect the disconnection / restriction, the visitation fee shall be charged still.
- 13.1.6 Where an account is in arrears and no payment arrangement for the settlement of any outstanding debt has been entered into, and whether the services to the property have been disconnected/restricted or not, the Municipality may, regardless of whether the service agreement is terminated or not, implement the procedures for debt collection as set out in Section 16 of this policy, if such action is deemed to be in the best interests of the Municipality.
- 13.1.7 Should the termination of services, in respect of an arrear account result in the endangerment of the life of any person, the Municipality may appropriately restrict or

reduce the capacity of electricity it supplies rather than terminate the services in question. However the onus is on the consumer to alert the Municipality of the situation that could result in the endangerment of the life of any person, the customer must make an urgent request which will be considered by the responsible official and make the decision. The urgent decision made initially on request not to disconnect will provide relief for not more than 72 hours. The customer must within 24 hours of the urgent request supply the Municipality with all the documents necessary to prove the case, the initial decision may then be sustained beyond 72 hours or turned down after the Municipality has thoroughly applied their minds.

13.1.8 The Municipality may affect the disconnection protocol detailed below when disconnecting electricity supply, however the Municipality will use its own discretion on the best mechanism to be used to recover the arrears from customers:

13.1.9 Any customer who has tampered with their electrical installation in the past and or who has reconnected/switched him/herself on without following procedure laid down in this policy shall in future be hard disconnected without being soft disconnected.

13.2 **SOFT DISCONNECTION**

13.2.1 The Soft Disconnection shall be effected at the first instance by switching off the Circuit Breaker or Miniature Circuit Breaker(s) and sealing it in an off position in an appropriate manner using an appropriate sealing method which is the proprietary seal of the Municipality. However the Municipality at their own discretion will decide on the best mechanism/method to use between the Soft Disconnection and Hard Disconnection, their decision is final.

13.2.2 The Soft Disconnection shall be effected in instances where the following applies:

- a) The customer account is 30 days in arrears and the Municipality is using the soft disconnection as a reminder to the customer to make payment to restore the full supply to the premises,
- b) The electricity installation was found to be unsafe and the official of the Municipality felt that the only solution to prevent accident will be to switch the electricity supply off, but such unsafe installation can be resolved quickly by customer,

- c) Or any other eventuality that in the opinion of the Municipal Official assigned to visit the customer premises felt the best way to give caution must be by way of soft disconnection.

13.2.3 The Municipality representative shall leave the notice which shall detail the reasons of the soft disconnection and the process the consumer must follow to remedy the situation.

13.2.4 The Customer/Consumer/Occupier shall not tamper with the Municipality seal that has been installed by the Municipality in sealing the MCB(s) in an off position unless authorised do so.

13.2.5 The customer who tampers with the seal installed on the MCB(s) and thereafter switching it to an on position without following the letter of instruction as issued or this policy shall be considered to have tampered with the installation in-terms of this policy and shall be hard disconnected as detailed in this policy document.

13.2.6 The Customer once all issues raised in the letter left by the Municipal Official after effecting the soft disconnection can elect to do the following:

- a) Call the Municipal Official to come and remove the seal and provide full electricity supply to the property or
- b) Call a competent person, at his/her own cost, to remove the seal and provide for full electricity supply to the property. It should be noted that live electricity supply is a safety hazard and only competent people by law are allowed to operate on it.
- c) It should be noted that removing the seal installed on the MCB without complying with the contents of the letter is tampering in terms of this policy as well as Msunduzi Electricity Supply Bylaws and it attract hefty penalties. Therefore customers are advised not to contravene this policy or the Msunduzi Electricity Supply Bylaws.

13.3 **HARD DISCONNECTION**

13.3.1 The hard disconnection will be disconnection of jumper cable between the MCB and Meter, remote switching off of electricity meter by the Municipality, disconnection of

service cable from the Connection Distribution Unit [CDU], disconnection of service cable on the pole and cutting the service cable from the Tee Joint.

13.3.2 The Hard Disconnection shall be effected in instances where the following applies:

- a. Where on the discretion of the Municipality, the soft disconnection is not the preferred method/mechanism.
- b. Soft disconnection was applied and the consumer broke (tampered with) the seal and switched him/herself on without following the process outlined 13.2.3 above,
- c. The soft disconnection cannot be effected due to refusal of access, property found locked or any reason that made the Municipal Representative to fail to access the Miniature Circuit Breaker(s) to effect soft disconnection.
- d. The electricity installation was found to be unsafe and the official of the Municipality felt that the only solution to prevent accident will be to interrupt the supply using the hard disconnection method.
- e. Or any other eventuality that in the opinion of the Municipal Official assigned to do the disconnection, the best way to effect the disconnection should be by way of hard disconnection.

13.3.3 The Municipality representative shall leave the notice which shall detail the process the consumer must follow to remedy the situation.

13.3.4 The Customer/Consumer/Occupier shall not reconnect him/herself in any way. The customer who reconnects him/herself in any way shall be considered to have tampered with the installation in-terms of this policy, Msunduzi Electricity Supply Bylaws and the whole electricity supply installation shall be removed without any further notice until such time that he/she follow the process to remedy the situation and where necessary pay the reinstatement fees as detailed in this policy document.

13.4 **COMPLETE SERVICE INSTALLATION REMOVAL**

- 13.4.1 The complete service installation removal shall mean amongst others the following or a combination of the following:
- a. Removal of Meter, MCB and disconnection from the CDU/Pole/Cut out Tee Joint or
 - b. Removal of Meter, MCB, disconnection from the CDU/Cut out Tee Joint and cutting the cable from the bottom of the meter box or
 - c. Removal of Meter, MCB, cutting the cable from the bottom of the meter box and cutting any length of service cable out between from the CDU, Tee Joint and the property concerned or
 - d. Removal of Meter, MCB, and removal of full length of cable from network to the property regardless of the network configuration.
- 13.4.3 The complete service installation removal shall be effected in instances where the following applies:
- a. Hard disconnection was applied and the consumer reconnected him/herself which is then considered as tampering in terms of this policy and electricity supply bylaws,
 - b. Or any other eventuality that in the opinion of the Municipal Official assigned to do the disconnection, the best way to effect the disconnection should be by way of complete service installation removal.
- 13.4.3 The Municipality representative shall leave the notice which shall detail the process the consumer must follow to remedy the situation.
- 13.4.4 The Customer/Consumer/Occupier shall not reconnect him/herself in any way. The customer who reconnects him/herself in any way shall be considered to have tampered with installation for the second time in-terms of this policy, Msunduzi Electricity Supply Bylaws and the whole electricity supply installation shall be removed without any further notice until such time that he/she follow the process to remedy the situation and where necessary pay the reinstatement fees as per tariff of charges document.
- 13.4.5 It should be noted that tampering by removing the seal installed on the MCB as a method to soft disconnect the supply, tampering by reinstalling the jumper or

reconnecting on CDU or on pole or on Tee Joint attracts tamper fee as contained on the tariff register.

13.5 DISCONNECTION REQUESTED BY THE LANDLORD/PROPERTY OWNER/OCCUPIER

13.5.1 The Municipality shall respond to request by the Customer/Consumer/Occupier/Landlord/ Property owner after an application has been made for such request for disconnection. The Customer/Consumer/Occupier/Landlord/Property owner shall do the following:

- a. First and foremost the person requesting the disconnection should be the account holder or duly authorised and have a written authorisation from the property owner/landlord if the service is not registered in his/her name or he/she is not the property owner.
- b. Fill in the appropriate form and in it he/she shall indicate the reasons for such request.
- c. Specify the type of disconnection that is required to be performed amongst the three disconnection methods, ie Soft Disconnection, hard Disconnection & Complete service removal.
- d. Pay the appropriate fees for the disconnection as reflected on the tariff register or quoted to do by the Municipality.
- e. Accept the responsibility of equipment that remains in his/her property such as the electricity meter, MCB and the associated cables,
- f. Accept the responsibility of tampering should the occupiers of the property bridge the meter or reconnect themselves unless otherwise the Customer/Consumer/ Occupier/Landlord/Property owner requested the complete removal of the electricity installation.
- g. Accept the fact that the turnaround time for such request for disconnection is 5 working days and it also depends on the accessibility of the property. It shall not be done within 24 hours.
- h. The owner reserves the right to request disconnection of services by filling the

appropriate form, in the event that his/her tenant is not meeting the municipal service obligations.

- i. On request of any disconnection/removal of services by the customer, the Municipality may conduct the installation audit of all meters in the property and apply this policy where tampering is found.

13.5.2 Customer/Consumer/Occupier/Landlord/Property owner shall understand that this service is not a tool to evict tenants or to resolve disputes between occupants of the property, but it is to limit the loss of water and or electricity. Where the Municipality can determine that the service is used for reasons not intended for, the Municipality may refuse to offer this service and the Customer/Consumer/ Occupier/Landlord/ Property owner may be liable for the services costs associated with the consumption of services.

13.5.3 Customer/Consumer/Occupier/Landlord/Property owner should understand that on request of the service, the Municipality will require a reconnection fees and the supply shall not be restored until the installation audit is conducted. Where the supply has been disconnected for more than 12 months, the Municipality shall escalate such disconnection to a complete service installation removal as detailed in item 13.4 of this policy.

14. RECONNECTION/REINSTATEMENT OF TERMINATED/RESTRICTED SERVICES

14.1 Services which have been terminated or restricted shall only be reconnected or reinstated by the Municipality when all the following conditions have been met:

- (a) The arrear account has been paid in full, including the interest raised on such account;
Or an acceptable payment arrangement has been entered into with the Municipality for the payment of the arrear account, including the interest raised on such account;
Or a dispute, as contemplated in Section 12, has been resolved and arrangements

for payment as approved by the Municipality have been concluded;

- (b) A revised service agreement has been entered into or an existing one reinstated with the Municipality, as contemplated in Section 4 of this policy; and
- (c) A deposit, as determined by the Municipality in terms of Section 5, has been paid to the Municipality.
- (d) Where electricity service was discontinued and the customer elected not to pay the monthly electricity service retention fee, this application shall be subjected to verification if there is electricity capacity available prior to the payment being accepted.

15. PERIOD FOR RECONNECTION OR REINSTATEMENT

15.1 The Municipality shall endeavour to reconnect or reinstate terminated or restricted services within 3 (three) working days after the date on which the conditions set out in Section 14 of this policy have been met, unless unable to do so because of circumstances beyond the control of the Municipality.

15.2 The Municipality have **a special reconnection** which can be made within 3 hours at a cost determined on the tariff of charges. The customer needs to make the necessary application and pay the appropriate fee.

16. DEBT COLLECTION

Where debtor accounts are in arrears, the Municipality is authorised to institute any action available in law for the purposes of recovering such debt, including making application to a competent court of law for the issuing of garnishee/ emoluments orders.

16.1 The Municipality may issue a letter of final demand for all amounts in arrears.

- 16.2 The Municipality may withhold payment to suppliers whose accounts are in arrears in terms of the Supply Chain Management policy.
- 16.3 The approval of building plans may be withheld/ rejected if there are arrears on the property.
- 16.4 Arrear rates, service charges and other charges may be recovered from tenants/occupiers and/or agents by attaching the rentals as set out in Sections 28 and 29 of the Municipal Property Rates Act no 6 of 2004 and in terms of Section 104 (f)(iii) of the Local Government Municipal Systems Act, 2000 (Act 32 Of 2000).
- 16.5 Where consumers using prepaid meters have arrear amounts in respect of rates and/or services rendered by the Municipality, the Municipality shall:
- a. Apply the credit control policy in terms of clause 13 above and disconnect the prepaid electricity supply and or restrict the water supply.
 - b. The Municipality may also elect to block the purchase of electricity until such time that the customer has signed an acknowledgement of debt or settled the debt.
 - c. The Municipality reserves the right to refuse to provide a prepaid electricity supply in instances where there are arrears.
 - d. The Municipality may also recover the arrears amount from purchase of electricity, this can be done by deducting a percentage of amount for purchasing the electricity until the debt is paid up.
- 16.6 The Municipality may publish the names of account holders, persons or entities with outstanding debt.
- 16.7 The Municipality may institute eviction processes in respect of arrear housing rental, business rental, housing loans and informal trader accounts.
- 16.8 The Municipality may hand the collection of arrear debt to an authorised collecting agent of the Municipality.

- 16.9 The Municipality may consolidate all the accounts of a property owned by the customer who is in arrears and thereafter effect clause 13 of this policy. The municipality has the right in terms of the law to consolidate as follows:
- 16.9.1 Where the property rates account is in the name of the Customer/Landlord/Entity, and this account is in arrears, whilst there is (are) services account(s) are in the name(s) of his/her tenant(s), the Municipality shall consolidate all the accounts associated with the property to one account and recover the outstanding arrears by instituting electricity and or water restrictions as per clause 13 of this policy
- 16.9.2 Where the property rates and or refuse removal and or water & sanitation account is in the name of the Customer/Landlord/Entity, and this account is in arrears, whilst there is (are) electricity service account(s) are in the name(s) of his/her tenant(s), the Municipality shall consolidate all the accounts associated with the property to one account and recover the outstanding arrears by instituting electricity and or water restrictions as per clause 13 of this policy
- 16.9.3 Where the customer/Landlord/Entity hold a number of properties within the Municipality whilst some of them he/she owes rates and or refuse removal and or water & sanitation account and or Electricity, and all these are in the name of the Customer/Landlord/Entity, there are accounts in these properties that are in arrears, whilst the electricity services accounts are in the names of his/her tenants, the Municipality shall consolidate all the property accounts in his/her name into one consolidated account thereafter recover the outstanding arrears by instituting electricity and or water restrictions as per clause 13 of this policy. The Municipality will elect to disconnect all or the properties that will ensure that the customer settles his/her debt.

17. RECOVERY OF OVERDUE RATES

- 17.1 The Municipality may publish a list of all rates defaulters who have failed to pay within 60 days after the final instalment of the rates assessment calling on the ratepayer to settle the arrears within a specified time frame, failing which an application will be made to a court of competent jurisdiction for an order for the sale by public auction
- 17.2 If the rates remain unpaid in terms of 17.1 above, the municipality shall make

application to a court of competent jurisdiction showing the amount of rates, penalties and surcharges then in arrear, and that all notices have been given and requesting the court to order any such rateable property be sold by public auction and the proceeds thereof to be paid in to court, and to direct payment to the Municipality of all rates, penalties and surcharges accrued as at the date of such sale together with the costs of obtaining the said order and all expenses of such sale.

17.3 If before the sale of any rateable property in terms of an order made under subsection (17.2) there is produced to the Deputy Sheriff or other person charged with the sale thereof, a certificate by the Municipality that all amounts owing in terms of outstanding and arrear rates, penalty charges, and surcharges have been paid, together with the costs of obtaining the said order and all expenses of such sale, the said property shall be withdrawn from the sale.

17.4 Notwithstanding that all outstanding and arrear rates, penalty charges and surcharges may have been paid before the said sale, the Municipality shall not be liable to any person for any loss or damage suffered by such person by reason of the sale of any such property in respect of which no such certificate has been produced to the said Deputy Sheriff or other person charged with the sale thereof.

18. COUNCILLOR AND MUNICIPAL STAFF ARREARS

(a) Staff arrears will be dealt with in accordance with schedule 2 (10) of the **Municipal Systems Act, 2000 (Act 32 Of 2000)** and in terms of any procedures, method or actions referred to in this policy. Notwithstanding any other procedure, method or action that may be taken in terms of this policy, the Municipality shall deduct any outstanding amount from such staff members' salary.

(b) In accordance with schedule 1, item 12 A of the **Municipal Systems Act, 2000 (Act 32 of 2000)**, a councillor of the Municipality may not be more than 90 days in arrears for municipal service fees, surcharges on fees, Rates or any other municipal taxes, levies and duties levied by the Municipality.

19. SUNDRY CHARGES

Interest will be charged on all overdue accounts. In the recovery of sundry charges, the Municipality reserves the right to institute any legal action at its disposal as well

as making use of any third party debt collectors. Restrictions, disconnections and the termination of services may be instituted to recover overdue Sundry Charges.

20. TAMPERING WITH AND/OR THEFT OF SERVICES

- 20.1 With regard to electricity and water services, if tampering of any nature or theft of such services is identified, the electricity supply to the property may be discontinued by applying one of the methods identified in item 13.2 to 13.4 for electricity and the water supply may be restricted or discontinued. The discretion on which method to apply is that of the authorised official.
- 20.2 Water and electricity metering and connection equipment remain the property of the Municipality, anyone found to be vandalising the property of the Municipality in any form shall be prosecuted in terms of criminal procedure act, such vandalism may be in terms of tampering with water or electricity meters, damaging electrical or water infrastructure and or theft thereof. The landlord, property owner or the occupier has a responsibility to ensure that the equipment mentioned above is kept safe at all times. Should they be lost or stolen, the cost of replacement shall be borne by the landlord, property owner or the occupier and the Municipality shall only replace them after the relevant replacement costs have been paid and the case number is presented to the municipality as well as the affidavit stating that the meter and or associated accessories indeed were stolen. The matter may be investigated and if the Municipality is of the opinion that the meter was removed to eliminate evidence, the Municipality may make such claim and substantiate it and claim the relevant losses from such customer. Until the relevant fees/costs are paid, the Municipality shall not restore the service.
- 20.3 If the restricted water supply is tampered with the water supply may be discontinued and the service connection removed
- 20.4 All required outstanding amounts shall be paid in full, or a payment arrangement is entered into; before any reconnection, however the tampering fee is payable up front and in full. Any deviation from this shall be authorised by the Chief Financial Officer or his/her delegated authority.
- 20.5 Where a tampered supply is unmetered/meter bridged etc, the Municipality reserves the right to calculate the lost revenue and back charge the customer from the date

that such tampering happened, where the date could not be ascertained, the Municipality will calculate the back charge for 36 months. The onus is on the customer to provide material evidence sufficient to convince the Municipal Official that the likelihood of the tampering is less than 36 months. In the absence of such evidence, 36 months shall be used.

20.6 Back charges will be raised in respect of meters that have been tampered with for the following reasons:

20.6.1 Broken seals in order to tamper with the bridge screw

20.6.2 Bridge wire illegally connected to bypass the meter

20.6.3 Illegal bypassing of meter and or of MCB, (this includes the wire installed at the back of the meter bypassing the meter and the wires installed between Circuit Breaker poles at the back of the Circuit Breaker)

20.6.4 Direct connection to main supply including CDU

20.6.5 Direct connection to another consumer

20.6.6 Meter tampered with or MCB rating has been scratched off

20.6.7 Any other illegal activity not covered above, a calculated amount will be levied against the account for the period under review. The calculated amount is payable before services are reinstated.

20.7 Where the meter installation has been found to be tampered with, and the customer has paid the reinstatement fee, the Municipality shall demand that before the reinstatement is done, the customer brings the meter to the boundary of the property, and the cost for this shall be borne by the customer. The meter shall not be allowed to be concealed in the customer's property. Where the most appropriate new position of the meter is in dispute, the decision of the Municipal Official duly authorised to determine this shall be final.

20.8 Where the reinstatement of the electricity service could not comply with clause 20.7

above for whatever reason, such reasons must be reported to the Senior Manager Electricity & Senior Manager Revenue on a monthly bases. These should also be reported to Council bi-annually by the respective Senior Manager Responsible for the reinstatement of services.

21. AUDIT OF SERVICES ON PROPERTIES

21.1 INSTALLATION AUDITS

In order to ensure that the Municipality does not lose revenue due to services not billed, services billed at wrong tariffs and services falling within the cracks after installation, the following shall be prescribed installation audits:

- 21.1.1 Once the installation has been commissioned by the technical department, the chief financial officer shall conduct an audit by no later than 3 months after the installation was commissioned, the installation audit should determine the following:
- a. The information uploaded to the system is the same as the information on site,
 - b. The metering instrumentation was installed properly and the meter is registering the correct consumption used by the customer
 - c. The meter number, seal numbers etc are the same as the system's records
 - d. The Customer has received the first bill in accordance with consumption taken,
 - e. The position of the meter is in no way compromising the Municipal revenue (installed in such a manner that it makes it easy for the customer to tamper)
 - f. The auditor on completion of this audit, must issue an audit certificate to the customer with all the installation records as collected from site. The auditor must also take all the necessary data and photos to be kept in customer file.
- 21.1.2 After each reinstatement as a result of tampering after the installation has been commissioned by the technical department, the chief financial officer shall conduct an audit by no later than 3 months after the installation was commissioned, the installation audit should determine the following:

- a. The information uploaded to the system is the same as the information on site,
- b. The metering instrumentation was installed properly and the meter is registering the correct consumption used by the customer
- c. The meter number, seal numbers etc are the same as the system's records
- d. The Customer has received the first bill in accordance with consumption taken,
- e. The position of the meter is in no way compromising the Municipal revenue (installed in such a manner that it makes it easy for the customer to tamper)
- f. The auditor on completion of this audit, must issue an audit certificate to the customer with all the installation records as collected from site. The auditor must also take all the necessary data and photos to be kept in customer file.

21.1.3 After reconnection for non-payment, reconnection requested by the customer, meter was bridged by staff for operational reasons, account change/transfer and any other operation that was done on the meter and after the installation has been commissioned by the technical department, the chief financial officer shall conduct an audit by no later than 3 months after the installation was commissioned, the installation audit should determine the following:

- a. The information uploaded to the system is the same as the information on site,
- b. The metering instrumentation was installed properly and the meter is registering the correct consumption used by the customer
- c. The meter number, seal numbers etc are the same as the system's records
- d. The Customer has received the first bill in accordance with consumption taken,
- e. The position of the meter is in no way compromising the Municipal revenue (installed in such a manner that it makes it easy for the customer to tamper)
- f. The auditor on completion of this audit, must issue an audit certificate to the customer with all the installation records as collected from site. The auditor must also take all the necessary data and photos to be kept in customer file.

21.2 AUDIT PROCESS

21.2.1 The Municipality reserves the right to audit any installation to any property at any time. However the Municipality shall endeavour to audit all its installations at least once per year. When such audits are conducted, the following will be taken into account:

- a. The electricity meter box and the contents thereof. The electricity meter box is supposed to house only the Municipality equipment and nothing else, ie. Meter, MCBs, incoming cables and cable jumpers, and where necessary the customer's breaker/isolator.
- b. The Meter box must be easily accessible by the Municipal official; it must be kept neat, tidy and free from water ingress or grass, bees and reptiles. It must be locked with the Municipal Lock and no other lock. The Municipality reserves the right to cut any other lock or to get the locksmith to open the meter box at the cost of the property owner.
- c. The meter room must be easily accessible by municipal official, it must kept neat and tidy and free from water ingress or grass, bees and reptiles. It must be locked with the Municipal Lock and no other lock. The Municipality reserves the right to cut any other lock or to get the locksmith to open the meter room at the cost of the property owner. The Meter room must not be used as the storage area and also its doors blocked by anything at any time.
- d. The auditor whilst conducting his/her audit shall do the following:
 - I. Conduct a visual inspection of the meter box/ meter room
 - II. Compare the circuit breaker sizes recorded in the system with those on site,
 - III. Check any illegal cables connected to the Municipality supply cables that are not metered, check if the MCB and the Meter is not tampered with/bridged in any way.
 - IV. Check if all seals to the MCB(s) and Meter(s) are still intact,
 - V. Check if the meter numbers corresponds with those in the system,
 - VI. Check if the account is not in arrears,
 - VII. Check if the installation is in compliant with SANS 10142

- e. The auditor shall then issue a notice letter detailing the outcome of the audit that shall be left with the customer, this report will indicate any contraventions if any and will also detail the process to be followed to remedy the situation. It shall be in the interest of the customer to keep the notice letter in a safe place if findings indicate that the installations is okay, where the findings are such that there are issues to be sorted, it will be in the interest of the Landlord/customer/occupier to follow the procedures detailed on the notice to remedy the situation.

21.3 The Municipality shall demand (within reasonable time ie. 21 literal days from issue of notice) that the electricity meter box/room be relocated to the property boundary where the findings of the Auditor are as follows:

- a. Where the customer refused Municipal Official to access the meter,
- b. Where customer on request by the Auditor refuses to remove cluttered cables, circuit breakers and other accessories not related to the Municipality's metering accessories and mechanisms
- c. Where the meter box/room is not safe for the Municipal Staff who are working on the meter from time to time and the customer has been given ample time to remedy the situation
- d. Where the meter box/meter room is used as a storage place and it is hazardous for the Municipal Staff who are working on the meter from time to time and the customer has been given ample time to remedy the situation
- e. Where the customer locks the meter box/room with his/her lock and refuses to use the Municipal Lock on the meter box/room
- f. Where in the discretion of the Auditor, the meter is periodically tampered with and such tamper mechanisms are conveniently removed prior to audit.
- g. Where tampering has been found

21.4 It should be noted that after each and every audit conducted by the Municipality, an audit certificate must be issued to the customer and record be kept on the customer file.

21.5 TAMPERED WITH INSTALLATION

- 21.5.1 If the auditor's findings are such that the installation is tampered with, he/she shall collect all the necessary evidence and issue a notice to the owner/customer/occupier or leave the notice on the post box or inside the meter box which ever will be convenient.
- 21.5.2 Where the installation is unsafe for use, there are bare conductors inside the meter box and leaving the installation like that can pose a risk to the user or any member of the public, the auditor shall switch off the supply and until the unsafe conditions are resolved, the supply shall not be restored.
- 21.5.3 Where the installation is unsafe for use and there is an illegal wire or bridge wire(s) bypassing the meter, the auditor shall switch off the supply and until the bridge wire or illegal wires are removed and the installation made safe, only then shall the supply be restored.
- 21.5.4 Where the installation has an illegal wire or bridge wire(s) bypassing the meter, the auditor shall switch off the supply cut out the illegal wire/ bridge wire, the installation shall be left off, the owner or user shall switch on once she/he has satisfied him/herself that the installation is safe.
- 21.5.5 Where the installation is safe but the customer has tampered by illegally reconnecting him/herself, or removed the seals of the meter/MCB, the auditor shall check if the account is in arrears, if it is in arrears, the auditor shall do a soft disconnection and leave the supply off, the owner or user shall switch on once she/he has made the necessary payments to the Municipality.
- 21.5.6 Where the installation is safe but the customer has tampered by illegally reconnecting him/herself, or removed the seals of the meter/MCB, the auditor shall check if the account is in arrears, if it is not in arrears, the auditor shall leave the supply on.
- 21.6 **WHERE THERE IS DISCREPENCY BETWEEN THE SITE FINDINGS AND SYSTEMS RECORDS**

It should be noted that the Municipality uses the system information to bill the customers, should there be any discrepancies between the system information and the site information as per the audit findings with respect to the following will be

procedure to deal with those eventualities.

- 21.6.1 If the MCB size of the meter on the property differs from the MCB size being billed on the account then: The difference in AMPS (MCB Size) to be debited or credited, shall be backdated for 36 months or from the date of application (maximum 36 months). The onus shall be on the party that stands to lose to present any date earlier to reduce the losses to them. The presented date shall be factual and agreeable to both parties. Failing which the 36 months shall prevail.
- 21.6.2 Where readings provided by a consumer were not accurate, upon audit the findings are such that the meter advanced far more than the readings in the system as phoned in or read by meter readers, the Municipality shall recover the costs of such undercharge in full based on the readings.
- 21.6.3 If the MCB size of the meter on the property is tampered with in any manner and it could not be ascertained its size on site, the MCB shall be removed and a load test be conducted to it by the Municipality or utilise the services of the authorised service provider, the outcome of such load test shall inform decision to be taken. The cost of such load test shall be borne by the customer. The difference in AMPS (MCB Size) to be debited shall be backdated 36 months or from the date of application (maximum 36 months).
- 21.6.4 Any undercharges in respect of Municipal charges may be recovered for a period not exceeding 36 months.
- 21.6.5 Any overcharges in respect of Municipal charges may be reversed for a period not exceeding 36 months.

21.7 PROCEDURE TO DEAL WITH TAMPERED INSTALLATIONS

The auditor shall conduct his/her installation audit and report his/her findings in an appropriate notice. If the findings are that the installation is tampered with the following process shall be followed.

- 21.7.1 The auditor shall determine if the installation is safe or not, if in his/her opinion the installation is unsafe, he/she shall switch it off and determine the contraventions on the notice. The auditor shall use his/her discretion whether the installation shall be switched off until it is rectified and he/she shall come back and inspect prior to

switching it on, or he/she shall switch it off and once the customer has made the required amends, the customer will then switch on the installation.

- 21.7.2 If the installation is switched off and the requirement is that the customer must rectify the situation and request the auditor to inspect prior to switching it back on, any attempt by the user to switch the power back on shall be a contravention the Electricity Supply Bylaws and the Occupational Health and Safety Act. The Municipality may thereafter institute hard disconnection in terms of this policy.
- 21.7.3 The customer/user/occupier/tenant shall inform the property owner/landlord of the contravention and the authorised representative of the landlord/property owner shall make payment of the tampering fee within seven days of the date of audit. He/she must then telephonically inform the customer liaison officer that the tampering fee has been paid so that his/her name can be removed from the disconnection list (the onus shall be on landlord/property owner to inform of their decision to pay the tamper fee and also to inform when such payment has been made). The Municipality shall immediately put plans in place to rectify the tampering situation and make right all the wrongs.
- 21.7.4 Should the Landlord/property owner dispute the audit findings and wish to present his/her case, Landlord/property owner shall call the customer liaison officer within seven days from the date of audit, request an opportunity to make representations to the committee tasked with such matters. He/she shall then collect all the material evidence that he/she
- 21.7.5 On conclusion of the presentations, the committee shall make a decision and communicate their decision in writing. If the customer accepts the decision of the committee and make arrangements with Finance to pay the tamper fee within seven literal days from the date of the hearing, the supply will not be disconnected. However if the Landlord/property owner disputes the decision of the committee, the supply shall be disconnected immediately whilst the matter is being referred.
- 21.7.6 Where the customer requests the matter to be referred, he/she must first pay 25% of tamper fee to finance, this shall be the commitment from Landlord/property owner to

get the matter dealt with by Senior Managers, The date for this hearing shall be set where the Revenue Management Head from Electricity and or the Head of Electricity and representative from legal division and representative from finance in liaison with the chair of the committee that heard the matter shall allocate further period to hear the matter. The chair may request the Senior Installation Auditor or any other person to accompany him/her to this hearing.

21.7.7 Should this appeal committee uphold the decision as tampering, the Landlord/property owner shall forfeit the amount paid and the full tampering fee shall be payable. Should appeals committee withdraw the decision of tampering, the Landlord/property owner shall be reimbursed the amount paid as commitment.

21.7.8 Where customer/user/occupier/tenant/Landlord/property owner ignores the served notices, the Municipality shall disconnect the services after seven days from the date of the notice. The supply shall stay disconnected until the Landlord/property owner has made the necessary arrangements to remedy the situation. Where the Landlord/property owner disputes the tampering, the Chair of the tampering committee may try to arrange a sitting failing which the next available date shall be the only time that the customer can come and present his/her case.

21.7.9 It shall be noted that the Auditor shall audit the installation and leave the notice to the person who occupies the property, or leave it on the post box or the meter box, but it shall not be the responsibility of the auditor to post or email the notices unless the customer has expressly stated this to the auditor. The property where the alleged offence and where the services are delivered shall be the premises where the notice shall be left.

21.8 BRIDGING OF METERS AND REMOVAL OF SEALS BY INTERNAL STAFF

21.8.1 Bridging of meters with an intention to steal electricity is a criminal offence and when done by the Customer/Consumer/Occupier/Landlord/Property owner or his/her representative shall be dealt with as theft in terms of the criminal procedure act and as tampering in terms of this policy and the electricity supply bylaws.

21.8.2 Where the bridging of meters is done by the employee of the Municipality for operational reasons, the following should be the characteristic of such bridging:

- a. There should be a compelling reason forcing such bridging of the meter, such act must be authorised by the foreman responsible for the works during that shift, and
- b. The bridging of the meter must be registered in an appropriate form and reported by the person who bridged the meter to the Metering Manager during the following shift, and
- c. The bridged meter must be rectified during the following shift regardless of the day of the week and the person who bridged the meter must check if the meter he/she bridged has been rectified failing which he/she must report the fact that the meter is still not rectified.
- d. Should the meter be found bridged and the above characteristics are not present, such bridging of meter shall be considered as misconduct by the employee and shall be dealt with in terms of gross negligence on the part of the employee.

21.8.3 Where the bridging of meters is done by the employee of the Municipality and where the intention is to defraud income due the Municipality and or financially benefit the employee or his acquaintance, such bridging will be dealt as gross misconduct and shall be dealt with in terms of code of conduct of the municipal employees. The same act of the employee may be reported to the South African Police Service and be dealt with in terms of the criminal procedure act.

21.8 The loss of revenue suffered by the Municipality during the time the meter was bridged even by the **Municipality official** shall be recovered from the customer who benefited from the electricity service whilst their meter was bridged. The customer has an obligation to report to the electricity department within 7 days that their meter is bridged. The user who is on prepaid can easily determine that their meter is bridged because they will not be buying electricity and if they do, their electricity units will not be dropping in relation to their consumption.

21.10 In order to calculate the loss suffered during the period the meter was bridged, the Municipality shall follow this process:

- a. Analyse the purchase/consumption history and establish where there is 6 months of consumption/purchase history that indicates clearly that the meter was not bridged then,
- b. From that 6 months, calculate the monthly average,
- c. Utilise this average to calculate the cost of electricity supply lost during the months that the meter was bridged.
- d. Subtract the consumption that has been used as estimates or amounts that the customer has paid for purchasing electricity tokens. And the final figure shall be the loss of revenue suffered by the Municipality and it shall be recovered from the customer.

21.11 Accepting that the meter is either an electronic or mechanical device and the fact that Municipal staff would not be carrying the replacement meters at all times during their working periods, there will be times when the Municipal Staff will have no alternative but to bridge the meter in order to provide supply to the customer. This shall be done as the last resort and the process that shall be detailed below shall be followed by the employee to the letter, failing which, the bridging of the meter shall be declared unauthorised and deemed an offence and the employee may be subjected to disciplinary procedure in terms of employee code of conduct. The process that shall be followed as detailed below:

21.11.1 When the electrician has tried everything to ensure that the electricity supply to the customer is restored and the key problem is a faulty meter and at that time there is no way of resolving that meter problem, the electrician at that time has only one option but to bridge the meter. The electrician shall follow this process in bridging the meter,

21.11.2 Establish first that all the seals are intact in the meter and there are no signs of tampering that are visible. If there are visible signs of tampering,

- a. The electrician must stop at once and call the Senior Installation Auditor,
- b. If this is not possible, he/she must call his foreman/standby foreman.
- c. The Foreman shall request where possible, the person present at the property to witness when collecting the evidence of this tampering.
- d. The electrician shall not restore the supply at that premise.

- e. The matter shall be referred to the Senior Installation Auditor in writing during the next shift together with all the evidence collected.
- f. The Senior Installation Auditor will then take over the matter including communicating with the customer the process that need to be followed to remedy the situation.

21.11.3 Where there is no tampering visible the electrician shall follow the process detailed below

- a. Switch off the MCB breaker prior doing anything to the meter,
- b. Remove the terminal cover of the meter and disconnect the phase cable supplying electricity to the meter,
- c. Loosen the grub screw holding the phase cable supplying the property [load side] and connect the supply cable from the MCB to bridge the meter,
- d. Tighten the grub screw properly and replace the meter terminal cover and seal it properly with the Municipal Unique seal, ensure that all earths and neutrals are connected, switch the MCB breaker on to restore the power.
- e. With the aid of multi meter and clamp meter, test the voltage and current.
- f. Record what was done on the appropriate form filling in the reason for bridging the meter, the date, time, meter reading at the time of bridging, the meter number, seal, current, voltage, number, and where possible take the photo of the installation as it is left,
- g. Call faults office clerk and inform them to send an email to the Manager Installation that the meter of the property concerned has been bridged.
- h. At the end of the shift hand over all the documentation on the tray at faults office for the Manager Service Installations.
- i. Within 7 days of the bridging of the meter, make a follow up to Manager: Service Installation to find out whether the documentation left at faults office indeed reached the Manager and the rectification was done.

23. CHANGES TO AND OR TERMINATION TO THE SERVICE AGREEMENT

A property owner or account holder who intends varying the service agreement must do so by submitting the application to the finance unit of Msunduzi Municipality. The Municipality will allow only one change per any 12 months period. During the scale change, the active peak demand shall be used for billing until it lapses after its 12 months anniversary. The Municipality will notify the customer in writing of the decision in terms of downgrade of supply. The Municipality reserves the right to approve or decline the application.

The property owner or account holder should take it into account the fact that when they apply for the upgrade after 12 months of the approved downgrade, their application shall be treated as a new application for capacity increase, this application will therefore undergo the normal upgrade process. The application will incur cost to property owner or account holder and it may depend on the availability of capacity at that stage.

Any new installation together with its installation will be regarded as first application in this regard and no change will be allowed until the first 12 months

A property owner or account holder must terminate an agreement with the Municipality for the provision of any municipal services by notice in writing (completing the relevant termination and account closure forms of the Municipality) not less than seven (7) working days before the required termination date.

Where the owner has requested the termination of supply and the supply remains terminated for 12 months, the Municipality reserves the right to remove the whole electricity service or only the metering installation. This includes properties with more than one meter whilst other meters are sitting idle in the meter box, such meters shall be removed from the consumer's property and the installation downgraded accordingly. Should the customer require the services in the future, such service request shall be treated as a new or additional installation.

Should the service account(s) or the meter sit idle for longer than 12 months, the Municipality shall by virtue of time lapsed, terminate the services to that property, remove the whole electricity service or only the metering installation. This includes

properties with more than one meter, such meters shall be removed from the consumer's property and the installation downgraded accordingly. Should the customer require the services in the future, such service request shall be treated as a new or additional installation. It should be noted that the balance owing shall still be recoverable from the customer.

24. SET-OFF

The Municipality may set off any credit balance due on an account against any due and payable debt outstanding on another account.